

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-141-E - ORDER NO. 2005-349
JUNE 28, 2005

IN RE:	Application of Duke Energy Corporation for)	ORDER
	Authorization Under Article 13, Chapter 27 of)	APPROVING
	Title 58 of The Code of Laws of South)	REQUEST
	Carolina, 1976 as Amended, to Enter into and)	
	Borrow under Long-Term Revolving Credit)	
	Facility.)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) from Duke Energy Corporation (“Duke Energy”) for approval of a request for order authorizing amendment of revolving credit facility to extend maturity date (“Request”). Duke Energy’s Request was filed on May 31, 2005, with reference to this Commission’s earlier Order No. 2004-277, issued in the Docket denominated hereinabove and dated June 7, 2004.

This Commission is informed that pursuant to this Commission’s previous order, Duke Energy entered into a three-year revolving credit facility dated June 30, 2004, with a group of large commercial banks, under which it could borrow from time to time up to a maximum amount of \$500,000,000 (the “Facility”).

Duke Energy’s Request explained that Duke Energy utilizes the Facility to provide liquidity support for its commercial paper program. Citicorp North America, Inc. serves as administrative agent for the Facility, which was further described in the Request and the exhibits thereto.

Duke Energy's Request argues that due to improved market conditions, Duke Energy has determined that it is advisable to approach the lenders under the Facility seeking to amend and restate the Facility to extend the maturity date thereof by an additional three-year period, resulting in a maturity date of June 30, 2010.

Duke Energy states that except with respect to the maturity date, the terms and conditions of the amended and restated Facility will be identical to those in the existing Facility in all material respects.

Duke Energy's Request makes reference to the Summary of Terms and Conditions, which was attached as Exhibit "A" to Duke Energy's request (the "Term Sheet"). A review of the Term Sheet provides further details on the terms and conditions of the amended and restated Facility. (Duke Energy's Request explains that the description of the amended and restated Facility in its Request is qualified by the reference therein to the more complete description in the Term Sheet.)

Duke Energy's Request contains information showing that Duke Energy will pay certain fees, including attorneys' fees related to the amendment and restatement of the Facility and a Facility Fee as described in the Term Sheet. Also, such fee is the result of arm's length negotiations with the lenders under the amended and restated Facility, is comparable to fees payable in similar transactions in the marketplace, and is lower than the Facility Fee currently paid on the Facility.

Duke Energy's Request states that Duke Energy will also pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the amended and restated Facility, consisting of a one-time

arrangement fee of not more than \$150,000, and an annual administrative fee of not more than \$30,000.

Duke Energy's Request adds that, in addition to extending the maturity date, the amendment and restatement of the Facility will result in lower borrowing costs to Duke Energy. Duke Energy's Request argues that proceeds from sales of commercial paper backed by the amended and restated Facility, and from borrowings under the Facility, will continue to be used as stated in the Commission's order in this Docket.

Duke Energy's Request states that Duke Energy seeks to finalize the amended and restated Facility by June 30, 2005. Therefore Duke Energy requested an order in this Docket authorizing its entry into the amended and restated Facility, and Duke Energy requested that the present Order state that the Commission's original order in this Docket will stay in full force and effect, except to the extent that the present Order provides for an amended and restated Facility as described in Duke Energy's Request.

Duke Energy's Request concludes with a statement that the purposes of the amended and restated Facility, and its compatibility with the public interest, are all the same as stated in its original application with respect to the existing Facility.

The Office of Regulatory Staff ("ORS") notified this Commission and Duke Energy's local counsel on June 13, 2005 that it had reviewed Duke Energy's Request and that, "[ORS] has no objections to Duke Energy's request." ORS further stated that, "[I]t has found Duke Energy's request consistent with public interest and previous practice."

FINDINGS OF FACTS

1. Order No. 2004-277 was issued in the Docket denominated hereinabove and dated June 7, 2004.

2. Under that Order, Duke Energy entered into a three-year revolving credit facility dated June 30, 2004, with a group of large commercial banks, under which it could borrow from time to time up to a maximum amount of \$500,000,000 (the “Facility”).

3. Duke Energy utilizes the Facility to provide liquidity support for its commercial paper program. Citicorp North America, Inc. serves as administrative agent for the Facility, which was further described in the Request and the exhibits thereto.

4. Due to improved market conditions, Duke Energy has determined that it is advisable to approach the lenders under the Facility seeking to amend and restate the Facility to extend the maturity date thereof by an additional three-year period, resulting in a maturity date of June 30, 2010.

5. Except with respect to the maturity date, the terms and conditions of the amended and restated Facility will be identical to those in the existing Facility in all material respects.

6. Duke Energy will pay certain fees, including attorneys’ fees related to the amendment and restatement of the Facility and a Facility Fee as described in the Term Sheet. Also, that such fee is the result of arm’s length negotiations with the lenders under the amended and restated Facility, is comparable to fees payable in similar transactions in the marketplace, and is lower than the Facility Fee currently paid on the Facility.

7. Duke Energy will also pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the amended and restated Facility, consisting of a one-time arrangement fee of not more than \$150,000, and an annual administrative fee of not more than \$30,000.

8. Although Duke Energy's Request will extend the maturity date, the amendment and restatement of the Facility will result in lower borrowing costs to Duke Energy. Duke Energy's Request argues that proceeds from sales of commercial paper backed by the amended and restated Facility, and from borrowings under the Facility, will continue to be used as stated in the Commission's order in this Docket.

9. The Commission's original order in this Docket will stay in full force and effect, except to the extent that the present Order provides for an amended and restated Facility as described in the Request.

10. The purposes of the amended and restated Facility, and its compatibility with the public interest, are all the same as stated in Duke Energy's original application with respect to the existing Facility.

11. The Office of Regulatory Staff ("ORS") notified this Commission and Duke Energy's local counsel on June 13, 2005 that it had reviewed Duke Energy's Request and that, "[ORS] has no objections to Duke Energy's request." ORS further stated that, "[I]t has found Duke Energy's request consistent with public interest and previous practice."

12. The Facility is an existing credit facility. Other than the extension of the maturity date by three years, there is no material change in the Facility.

CONCLUSIONS OF LAW

1. The Commission concludes that the relief sought by Duke is consistent with its previous Order issued in the Docket hereinabove.
2. The Commission concludes that the grounds stated in Duke Energy's Request are sufficient to support the relief sought by Duke Energy.
3. The Commission concludes that the fees described in the Request are reasonable.
4. The Commission concludes that the Commission's original order in this Docket should stay in full force and effect, except to the extent that the present Order provides for an amended and restated Facility as described in the Request.
5. The Commission concludes that the relief sought by Duke Energy is in and compatible with the public interest.
6. The Commission concludes that the conditions of the Request are deemed reasonable.
7. The Commission concludes that the Office of Regulatory Staff did not oppose the relief sought in Duke Energy's Request.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. The Commission's original order in this Docket will stay in full force and effect, except to the extent that the present Order provides for an amended and restated Facility as described in the Request.

2. The extension of the maturity date of the Facility to June 30, 2010 is hereby authorized and approved.

3. Duke Energy's entry into the amended and restated Facility, the incurrence and repayment of indebtedness pursuant to the terms thereof, and the issuance of notes evidencing such indebtedness, all in the manner set forth in the Request, is hereby authorized and approved by this Commission.

4. This Order shall become effective upon the signature of the Chairman and shall remain in full force and effect until further Order of the Commission.

5. All references to the credit facility in the original Order shall be deemed to refer to the amended and restated credit facility described in this Order.

6. This Order shall not in any way affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications or changes with respect to any provision of this Order in accordance with the law, nor shall this Order dictate the ratemaking treatment of this transaction by the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice Chairman
(SEAL)